

IN THE UNITED STATES OF AMERICA
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL NO. 07-
	:	
v.	:	DATE FILED:
	:	
KENNETH JOHN HENDRIX	:	VIOLATION:
	:	18 U.S.C. § 1343 (wire fraud - 1
	:	count)

INDICTMENT

COUNT ONE

THE GRAND JURY CHARGES THAT:

At all times material to this indictment:

BACKGROUND

1. R.L. was a senior citizen of Lancaster, Pennsylvania, who had little experience with investments or managing her own financial matters.
2. Defendant KENNETH JOHN HENDRIX of Texas held himself out as someone who could assist people with investments, financial planning and tax preparation. Defendant HENDRIX claimed that the federal tax laws were illegal, and he told R.L. and others that he could file a tax return that would secure a total return or near-total return of their federal taxes.
3. In or about April 2000, defendant KENNETH JOHN HENDRIX met with R.L. in her home in Lancaster, Pennsylvania. Defendant HENDRIX told R.L. that he would assist in preparing her tax returns, and particularly the 1998 return, in order to obtain full or partial returns of the taxes that she paid. Also in or about April 2000, defendant HENDRIX

suggested that he later handle R.L.'s investments and finances, so he could demonstrate his financial-management prowess.

4. On or about April 20, 2001, defendant KENNETH JOHN HENDRIX caused to be obtained a return from the Internal Revenue Service (IRS) of the taxes that R.L. paid for 1998, which totaled approximately \$62,942.00.

5. Defendant KENNETH JOHN HENDRIX convinced R.L. to let defendant HENDRIX invest the tax refund on R.L.'s behalf. Defendant HENDRIX also convinced R.L. to consolidate her investments into one account, which he was to administer for her benefit.

6. In or about May 2001, R.L., at the request of defendant KENNETH JOHN HENDRIX, gave a power of attorney over her financial matters to defendant HENDRIX.

7. Defendant KENNETH JOHN HENDRIX created, caused to be created, and purchased shell corporations, and defendant HENDRIX created and caused to be created bank accounts for those shell corporations.

a. Nationwide Capital Funding Corporation

1. Nationwide Capital Funding Corporation (NCFC) was a shell corporation incorporated in the State of Nevada and was owned by defendant KENNETH JOHN HENDRIX.

2. Defendant KENNETH JOHN HENDRIX structured NCFC so that it had the trappings of an authentic business, though it did not conduct any legitimate business.

3. Defendant KENNETH JOHN HENDRIX hired a Nevada attorney to serve as the resident agent and President of NCFC, although the attorney had no

knowledge about the business purpose or dealings of NCFC.

4. Defendant KENNETH JOHN HENDRIX hired a Nevada company to provide him with an “office package,” which provided a telephone number dedicated to NCFC. The dedicated telephone number was actually answered by a receptionist in Nevada, who was not employed or affiliated with NCFC. The receptionist would redirect callers to voicemail assigned to NCFC. The company also forwarded mail to defendant HENDRIX by way of an address of an associate of defendant HENDRIX.

5. The shareholders of NCFC were themselves shell corporations, created by defendant KENNETH JOHN HENDRIX, which gave the appearance that NCFC was owned by other investors instead of defendant HENDRIX.

6. Defendant KENNETH JOHN HENDRIX caused a checking account to be created with Wells Fargo Bank for NCFC.

b. Hendrix Financial Management, Inc.

1. Hendrix Financial Management, Inc. (HFM) was another shell corporation that was incorporated in the State of Nevada and was controlled by defendant KENNETH JOHN HENDRIX.

2. In or about March 2001, defendant KENNETH JOHN HENDRIX established or caused to be established HFM by having his father sign the documents incorporating HFM, with his father as the President, Treasurer and Director of HFM.

3. Defendant KENNETH JOHN HENDRIX caused his mother to be assigned as Vice President, Secretary and Director of HFM.

4. Defendant KENNETH JOHN HENDRIX caused his

mother and father to sign application papers to establish a checking account at Wells Fargo Bank for HFM .

c. Great Lakes Mutual LLC

1. Great Lakes Mutual LLC (GLM) was a shell corporation that was incorporated in the State of Wisconsin and was controlled by defendant KENNETH JOHN HENDRIX.

2. Defendant KENNETH JOHN HENDRIX caused his father to be established as General Manager of the shell corporation.

3. Defendant KENNETH JOHN HENDRIX caused his father to sign application papers to establish a checking account at Wells Fargo Bank for GLM .

THE SCHEME

8. From in or about May 2001, to in or about September 2003, defendant

KENNETH JOHN HENDRIX

devised and intended to devise, a scheme to defraud R.L., and to obtain money from R.L., by means of false and fraudulent pretenses, representations and promises.

MANNER AND MEANS

It was part of the scheme that:

9. In or about May 2001, defendant KENNETH JOHN HENDRIX established a banking account at Northern Trust Company titled “R.L. Investment and Expense Account.”

10. In or about May 2001, defendant KENNETH JOHN HENDRIX had R.L. sign a power of attorney for Northern Trust Company, assigning control over the R.L. Investment

and Expense Account to defendant HENDRIX.

11. In or about May 2001, defendant KENNETH JOHN HENDRIX deposited the \$62,942.00 IRS check into the R.L. Investment and Expense Account.

12. From in or about June 2001, to in or about July 2001, defendant HENDRIX used the power of attorney signed by R.L. to close certain of R.L.'s investments, totaling approximately \$351,459.74, and to direct those investment funds to be wired to the R.L. Investment and Expense Account, over which defendant HENDRIX exercised control.

13. In or about July 2001, defendant KENNETH JOHN HENDRIX began moving money of R.L. that was in the R.L. Investment and Expense Account, belonging to R.L., to the banking accounts for his shell corporations.

a. From in or about July 2001, to in or about October 2001, defendant KENNETH JOHN HENDRIX moved at least approximately \$250,000 from the R.L. Investment and Expense Account to the banking account of NCFC.

b. From in or about July 2001, to in or about September 2002, defendant KENNETH JOHN HENDRIX moved at least approximately \$210,000 from the banking account for NCFC to the banking account of HFM.

c. From in about July 2001 to in or about March 2003, defendant KENNETH JOHN HENDRIX moved at least approximately \$75,000 from the banking account for HFM, to the banking account for GLM.

14. Defendant KENNETH JOHN HENDRIX spent and caused to be spent money belonging to R.L., described in paragraphs 13(a), (b), and (c) above, for his and others' personal use, knowing that he did not have authority from R.L. to do so.

15. From in or about May 2001, to in or about September 2003, defendant KENNETH JOHN HENDRIX falsely claimed that he had legitimately invested the money belonging to R.L. for R.L.'s benefit, when he knew he had used the money for his own purposes and had not invested the money.

16. Defendant KENNETH JOHN HENDRIX failed to provide documents and information to R.L. about the alleged investments that defendant HENDRIX claimed he had made on behalf of R.L., despite many requests by R.L. and her attorney, V.O., to do so.

17. Defendant KENNETH JOHN HENDRIX failed to return the money belonging to R.L. that defendant HENDRIX claimed he had invested on R.L.'s behalf, despite many requests by R.L. and her attorney, V.O., to do so.

18. Defendant KENNETH JOHN HENDRIX falsely told V.O. that R.L.'s money was invested in a lending company, and it was not possible to simply liquidate and return the money, knowing in actuality defendant HENDRIX had control over the money and used the money for his own purposes.

19. On or about June 13, 2002, defendant KENNETH JOHN HENDRIX sent a letter by facsimile transmission from Edinburg, Texas, to R.L. in Lancaster, Pennsylvania. Among other things, defendant HENDRIX stated in the facsimile letter that R.L.'s money was held and controlled by NCFC, without disclosing to R.L. that any money held and controlled by NCFC was also held or controlled by defendant HENDRIX. Defendant HENDRIX further invited R.L. to contact NCFC directly for the return of her money, knowing that, since he was the owner of NCFC, R.L. would not have any success securing the return of her money from NCFC.

20. Defendant KENNETH JOHN HENDRIX attached to the letter sent by

facsimile to R.L. on June 13, 2002, a fabricated letter from defendant HENDRIX purportedly to an officer of NCFC. In the fabricated letter to NCFC, defendant HENDRIX feigns coordination with NCFC for the return of R.L.'s money, knowing that the money would not be returned to R.L. from NCFC, because defendant HENDRIX owned and controlled NCFC.

21. Defendant KENNETH JOHN HENDRIX fabricated the letter to NCFC to lull R.L. into a false sense of security about the safety and availability of her money, and that her money had been properly invested, knowing that NCFC was under defendant HENDRIX's control and that NCFC had only a shell existence.

22. On or about June 13, 2002, in Lancaster, in the Eastern District of Pennsylvania, defendant

KENNETH JOHN HENDRIX,

for the purpose of executing the scheme described above, and attempting to do so, caused to be transmitted by means of wire communication in interstate commerce certain signals and sounds, that is, a facsimile transmission from Edinburg, Texas, to Lancaster, Pennsylvania to convince R.L. that defendant HENDRIX did not control her money and that R.L. should contact NCFC directly, knowing that defendant HENDRIX himself actually controlled R.L.'s money and that

NCFC was a shell corporation he created and owned.

All in violation of Title 18, United States Code, Section 1343.

A TRUE BILL:

FOREPERSON

PATRICK L. MEEHAN
United States Attorney